

VA**U.S. Department
of Veterans Affairs**

News Release

Office of Public Affairs
Media RelationsWashington, DC 20420
(202) 461-7600
www.va.gov

FOR IMMEDIATE RELEASE

August 6, 1998

Washington, D.C. -- The Department of Veterans Affairs (VA) has begun a program that will lead to direct depositing of most VA insurance payments into the bank accounts of 100,000 recipients.

"Veterans and beneficiaries won't have to worry if their check is lost in the mail or stolen," said VA Under Secretary for Benefits Joe Thompson. "Electronic fund transfer will give them the peace of mind of knowing their payments are guaranteed to be on time, every time."

The Debt Collection Improvement Act of 1996 requires that beneficiaries of recurring monthly Federal payments, with some hardship exceptions, must receive them by direct deposit.

VA began the program in July by mailing 2,000 letters to veterans and beneficiaries receiving monthly insurance payments, explaining the new law and the advantages of using direct deposit, or electronic fund transfer (EFT). VA's Insurance Center plans to follow up by mailing notices to some 10,000 veterans and beneficiaries each month until all 100,000 recipients of monthly insurance payments have been informed of the EFT program.

Not available to VA insurance recipients until now, EFT is less expensive, faster and safer than the traditional process of mailing checks. It eliminates the cost of mailing checks and handling reports of lost or stolen checks. It also saves the veteran or beneficiary time spent going to the bank or depositing the check by mail.

In January 1999, VA will offer the option of EFT to its insurance policyholders and beneficiaries who receive payments on less than a monthly basis, including some 1.2 million policyholders who receive annual dividend checks.